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Kunming Dianchi Water Treatment Co., Ltd.

昆明滇池水务股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3768)

VOLUNTARY ANNOUNCEMENT

SIGNING OF THE COOPERATION FRAMEWORK AGREEMENT WITH WUHUA DISTRICT GOVERNMENT

This announcement is made on a voluntary basis by Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that, on 15 December 2017, the Company and the People’s Government of Wuhua District, Kunming City, Yunnan Province (the “**Wuhua District Government**”) entered into the Cooperation Framework Agreement, pursuant to which, the Company and the Wuhua District Government will jointly invest, develop and operate the ecological environment projects in Wuhua District, Kunming City (the “**Strategic Cooperation**”). The Company is expected to invest approximately RMB5.0 billion in the next five years according to the Cooperation Framework Agreement, which will be mainly used for the integrated treatment of internal and external water environment, rural living environment improvement, use of reclaimed water, wetland construction, ecological rehabilitation projects and the investment, construction, operation and management of environmental infrastructure projects in Dianchi Drainage Basin in Wuhua District. According to the plan of the Wuhua District Government, projects to be carried out by both parties in their first phase of cooperation include the Changkou sewage treatment plant project, the project of water quality improvement and ecological rehabilitation of New and Old Canal and the ecological management of transferred watercourse in the high-tech zone.

The Board confirms that the Strategic Cooperation is within the scope of the Company’s ordinary and usual course of business. Located in the northwest of the core area of Kunming City, Wuhua District is where the People’s Government of the Yunnan Province is located, and is an important political, economic and cultural area of Yunnan Province and Kunming City. Leveraging this Strategic Cooperation, the Company and the Wuhua District Government will jointly promote the cooperation on projects such as the integrated treatment of water environment, ecological construction and environmental industry development based on the principles of “complementary advantages, focusing on key projects and mutual benefits and win-win”. Upon the signing the Cooperation Framework Agreement, the parties will determine the specific cooperation mechanism and implement the first-phase cooperation projects as soon as possible. Parties will further increase the supports in the economic and social development of Wuhua District by the enhancement of water environment and ecological construction, and achieve better economic, environmental and social benefits of Wuhua District during the “13th Five-Year Plan”.

To the best of knowledge of the directors of the Company (the “**Directors**”), information and belief having made all reasonable inquiries, the Directors or the substantial shareholders of the Company have no direct or indirect interest in the Strategic Cooperation.

By order of the Board
Kunming Dianchi Water Treatment Co., Ltd.
Guo Yumei
Chairperson

Kunming, the PRC, 18 December 2017

As at the date of this announcement, the Board comprises Ms. Guo Yumei and Mr. Luo Yun, as executive Directors; Mr. Zeng Feng and Ms. Song Hong, as non-executive Directors; and Mr. Wong Man Chung Francis, Mr. Yin Xiaobing and Mr. He Xifeng, as independent non-executive Directors.